



Health Services
LOS ANGELES COUNTY

Los Angeles County
Board of Supervisors

January 30, 2007

Gloria Molina
First District

Yvonne B. Burke
Second District

Zev Yaroslavsky
Third District

Don Knabe
Fourth District

Michael D. Antonovich
Fifth District

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**APPROVAL OF TRAUMA CENTER SERVICE AGREEMENTS AND RELATED
FUNDING, TRAUMA CENTER/BASE HOSPITAL FEE, TRAUMA CENTER
SERVICE AUGMENTATION AGREEMENT AMENDMENT WITH ST. FRANCIS
MEDICAL CENTER, AND APPROPRIATION ADJUSTMENT
(All Districts) (4 Votes)**

Bruce A. Chernof, MD
Director and Chief Medical Officer

John R. Cochran III
Chief Deputy Director

Robert G. Splawn, MD
Senior Medical Officer

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve and instruct the Director of Health Services, or his designee, to sign the form Trauma Center Service Agreement (TCSA), substantially similar to Exhibit I, including Exhibits A through F, following signature by officials of authorized representatives of the eleven non-County trauma centers listed in Attachment B, effective retroactive to July 1, 2006 through June 30, 2008, with a signing deadline of February 28, 2007, for each hospital, in order to maintain the Los Angeles County Trauma Center System.
2. Approve funding for the TCSAs to non-County trauma centers for care provided to eligible trauma patients, at the rates set forth in Exhibit B, up to annual maximum amounts of \$12.1 million for claims-based payments, \$16.7 million for periodic lump-sum payments for providing continued access to emergency care for Medi-Cal beneficiaries, and \$2.4 million in recognition of the special costs incurred for those trauma centers providing base hospital services, for a total annual amount not to exceed \$31.2 million, for a total two-year agreement obligation not to exceed \$62.4 million. A maximum amount of \$18.0 million of those funds shall be used annually as an intergovernmental transfer (IGT) for payment to the State to draw-down Medi-Cal matching funds (Federal Financial Participation) and provide the non-County trauma centers, excluding UCLA Medical Center, with an additional \$18.0 million annual reimbursement for trauma care.
3. Establish the annual Trauma Center/Base Hospital fee for the non-County and County trauma centers listed in Attachment B to offset the County costs associated with data collection, monitoring, and evaluation for Fiscal Years (FYs) 2006-07 and 2007-08 at \$45,470 and \$46,230, respectively, for each Contractor, excluding Childrens Hospital Los Angeles. The base hospital requirement does not apply to Childrens Hospital Los Angeles; therefore, the annual Trauma Center fee for Childrens Hospital Los Angeles for FYs 2006-07 and 2007-08 shall be \$34,292 and \$34,866 respectively.

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Los Angeles, CA 90012

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through leadership,
service and education*



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4. Approve and instruct the Director of Health Services, or his designee, to offer and sign the form Trauma Center Service Augmentation Agreement (TCSAA) Amendment No. 2, substantially similar to Exhibit II, with St. Francis Medical Center (SFMC), effective retroactive to December 1, 2006 through November 30, 2007, for a total maximum amount of approximately \$5.7 million, with delegated authority to extend the Agreement for one year at the written request of SFMC unless the County objects for good cause, upon substantially similar terms and conditions and reviewed and approved by County Counsel and the Chief Administrative Office.
5. Approve an appropriation adjustment (Attachment C) to reallocate \$9.2 million in "Measure B" Trauma Property Assessment (TPA) funds from Services and Supplies (S&S) (\$6.6 million) and Appropriation for Contingencies (\$2.6 million) to Other Charges (OC) in the FY 2006-07 "Measure B" TPA Final Budget.

PURPOSE/JUSTIFICATION OF THE RECOMMENDED ACTIONS

The purpose of the recommended actions is to: 1) obtain the Board's approval of contracts necessary to administer the Los Angeles County Trauma Center System for FYs 2006-07 and 2007-08, with payment rates retroactive to July 1, 2006; 2) approve reimbursement rates under the TCSA; 3) establish the annual Trauma Center/Base Hospital fee; 4) approve TCSAA Amendment No. 2 with SFMC and 5) approve an appropriation adjustment to reallocate funding from S&S and Appropriation for Contingencies to OC in the FY 2006-07 Final Budget.

IMPLEMENTATION OF STRATEGIC PLAN GOALS

These actions support the County's Strategic Plan Goal No. 1 for Service Excellence by enhancing the quality and productivity of emergency and trauma services countywide.

FISCAL IMPACT/FINANCING

Trauma Center Service Agreements

For FYs 2006-07 and 2007-08, the total maximum obligation to non-County trauma centers is \$31.2 million per fiscal year, pursuant to the rates set forth in Exhibit B of the TCSA. The trauma agreements are comprised of two types of reimbursement: a lump sum portion and payments made based on claims submitted for care provided to eligible trauma patients.

Lump sum portion: A maximum amount of \$18.0 million of those funds shall be used annually as an IGT for payment to the State to draw-down Medi-Cal matching funds [Federal Financial Participation (FFP)] and provide the non-County trauma centers, excluding UCLA Medical Center, with an additional \$18.0 million annual reimbursement for trauma care (as a public hospital, UCLA Medical Center participates in a program that negates the federal benefit of using an IGT in this regard). The increased level of matching funds (originally \$6.0 million in FY 2003-04) was made possible by redirecting unmatched claims-based funding in the prior agreements to the Medi-Cal match which resulted in more overall funding to the non-County trauma centers.

Claims-based payment rates: The current claim-based payment rates reflect a 34% increase as compared to the rates set forth in the previous agreements. This increase is strictly cash-flow related since the maximum County obligation is capped at \$12.1 million, which represents an actual decrease of \$2.8 million (18.8%)

from the previous maximum obligation of \$14.9 million for claims-based payments. The maximum annual County obligation under these agreements is \$31.2 million, as compared to an annual maximum obligation of \$23.9 million under the previous agreements, an increase of \$7.3 million. However, these new agreements reflect funding (\$6.0 million) previously approved by the Board for the California Hospital Medical Center and SFMC to cover additional patients due to the closure of the Martin Luther King, Jr./Drew (MLK) trauma center.

St. Francis Trauma Care Augmentation Agreement

In FYs 2006-07 (December 2006 to June 2007) and 2007-08 (July 2007 to November 2007), the total maximum obligation to SFMC is \$3.3 million and \$2.4 million, respectively, pursuant to the rate set forth in TCSAA Amendment No. 2. (Total fiscal impact for the TCSA and TCSAA Amendment No. 2 is \$34.5 million for FY 2006-07 and \$33.6 million for FY 2007-08.)

There are sufficient appropriations in the FY 2006-07 "Measure B" TPA Final Budget to cover the expenditures required by the execution of the TCSAs and the TCSAA. However, an appropriation adjustment is needed to reallocate \$9.2 million in "Measure B" TPA funds from S&S and Appropriation for Contingencies to OC. For the FY 2007-08 budget process, the Department of Health Services (DHS) will work with the Chief Administrative Office to reallocate funding within the "Measure B" TPA Budget to fulfill the obligations of the TCSAs and the TCSAA.

The new TCSAs provide for an annual trauma center service fee in the amount of \$45,470 for FY 2006-07, and \$46,230 for FY 2007-08, payable to the County by each non-County and County-operated trauma center, excluding Childrens Hospital Los Angeles for whom the fee shall be \$34,292 for FY 2006-07, and \$34,866 for FY 2007-08, to offset County costs associated with data collection, monitoring, and evaluation. Estimated annual revenue to the County from these fees is \$579,932 and \$589,626, respectively, for FYs 2006-07 and 2007-08.

For the TCSAs and the TCSAA, all financing is provided (1) by funding available under State law through the Proposition 99/California Healthcare for Indigents Program (CHIP) and the Maddy Emergency Medical Services Fund (SB 612) totaling approximately \$3.7 million annually and (2) Measure B revenue. For FYs 2006-07 and 2007-08, the remaining combined maximum obligation of the TCSAs and TCSAA Amendment No. 2 totaling approximately \$30.8 million (\$34.5 million minus \$3.7 million) and \$29.9 million (\$33.6 million minus \$3.7 million), respectively, will be funded by an allocation of revenue generated by the special tax under Measure B. Measure B funding may vary based on a percentage change, if any, in the total Measure B revenue for FY 2007-08 as compared to FY 2006-07 and an adjustment by the cumulative increase, if any, to the medical component of the Western Urban Consumer Price Index from July 1, 2003, as established by the United States Bureau of Labor Statistics, if set by the Board. As a result, the total maximum allocation for FY 2007-08 may exceed the aggregate of \$33.6 million after taking into account any Measure B Adjustment.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

Trauma Center Service Agreements

On June 24, 2003, the Board approved a two year agreement for FYs 2003-04 and 2004-05. Through subsequent amendments, and most recently on July 11, 2006, the Board approved amendments extending

the agreement, addressing funding, and designating California Hospital Medical Center as a Level II trauma center. Amendment No. 6 is slated to expire on January 31, 2007. This month-to-month extension, not to exceed seven months, which included no payment provisions, was approved by your Board to ensure the continued provision of trauma center services until DHS could negotiate and finalize these new TCSAs. At the time of this extension your Board deferred payment provisions during continued negotiations of the contract. Negotiations for these contracts began nearly two years ago, but required complex financial analysis and negotiations with eleven private trauma centers, which were only completed on January 10, 2007.

The two County-operated trauma centers also operate under the same programmatic terms of the standard agreement as a Memorandum of Understanding (MOU) as required by State trauma regulations. The two County-operated trauma centers will sign MOUs, similar to Exhibit I, effective retroactive to July 1, 2006 through June 30, 2008.

As a result of negotiations, the provisions requiring a contractor to consider former County employees for openings as set forth by Board policy has been modified so that the contractor consider former County employees subject to the Contractor's policies and procedures for laid off employees, amongst other things. In addition, the calculation of damages that the County may collect as a result of a breach by the Contractor is limited to a time period of twelve months, or the remaining period of the TCSA upon breach, whichever is less.

St. Francis Trauma Care Augmentation Agreement

On February 22, 2005, the Board approved the TCSAA with SFMC for one year, with a one-year optional extension which was exercised effective March 1, 2006. SFMC continues to receive a high volume of critical trauma patients redirected from the Martin Luther King Hospital service area, as well as non-trauma patients seeking care at SFMC, the next closest emergency room. Therefore, to ensure that SFMC has adequate capacity and the capability to handle additional trauma and emergency room patients, an extension of the TCSAA is necessary at the rate contained in Exhibit II.

Under the TCSAA Amendment No. 2 with SFMC, the County will continue to provide funding under the Transitional Capacity Allowance provisions for eligible indigent patients at the rate contained in Exhibit II. All provisions for the continuation of trauma services are now contained in the new TCSAs. This contract is for eligible indigent patients who either arrive at SFMC via paramedic ambulance or directly admitted from the SFMC emergency room.

The changes in the agreement were made to be consistent with the MetroCare contract which was established December 1, 2006. The MetroCare contract covers patients treated at the King/Drew Medical Center (KDMC) emergency room who require hospitalization and are referred by KDMC to SFMC.

Upon expiration of this Amendment on November 30, 2007, the parties may agree on a one year extension if, among other things, it is determined that the contractor has treated a higher volume of indigent patients as compared to the prior year, taking into account the general Countywide increase in indigent patients.

The provisions of the TCSAs are provided in Exhibit I, and attached Exhibits A through F; and the provisions of the TCSAA Amendment No. 2 are provided in Exhibit II.

Attachments A and B provide additional information. Attachment C is the appropriation adjustment.

County Counsel has approved the TCSA (Exhibit I) and TCSAA Amendment No. 2 (Exhibit II) as to use and form.

CONTRACTING PROCESS

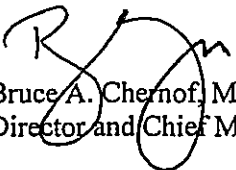
Non-County hospitals executing the TCSAs are current participants in the County's trauma system and satisfy the State and County criteria and conditions for such participation. It is not appropriate to advertise these agreements on the Office of Small Business' Countywide Web Site.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

Approval of these agreements and appropriation adjustment will maintain the current level of trauma services until June 30, 2008, and the augmented transitional capacity allowance until November 30, 2007.

When approved, this Department requires three signed copies of the Board's action.

Respectfully submitted,


Bruce A. Chernof, M.D.
Director and Chief Medical Officer

BAC:cm
TRAUME BD LTR 01 17 07.doc

Attachments (3)

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors
Auditor-Controller
Chair, Emergency Medical Services Commission
Health Care Association of Southern California

SUMMARY OF AGREEMENT

PART 1: TRAUMA CENTER SERVICE AGREEMENT

1. **Type of Service:**

Trauma services at 11 non-County trauma centers in Los Angeles County.

2. **Address and Contact Person:**

Department of Health Services – Emergency Medical Services (EMS) Agency
5555 Ferguson Drive, Suite 220
Los Angeles, California 90022
Attention: Carol Meyer, Director
Telephone: (323) 890-7545 Fax: (323) 890-8536
Email: cmeyer@ladhs.org

3. **Term:**

Effective retroactive to July 1, 2006 through June 30, 2008.

4. **Financial Information:**

The maximum obligation for the Trauma Center Service Agreements effective retroactive to July 1, 2006 will be \$31.2 million for Fiscal Year (FY) 2006-07, and \$31.2 million for FY 2007-08. This is funded by Measure B Trauma Property Assessment funds, Proposition 99/California Healthcare for Indigents Program (CHIP), and the Maddy Emergency Medical Services Fund (SB 612). The appropriation adjustment to reallocate a total amount of \$9.2 million from Services & Supplies (\$6.6 million), and Appropriation for Contingencies (\$2.6 million) to Other Charges in the FY 2006-07 Department of Health Services Adopted Budget, will enable the Department of Health Services to transfer the funding to the State so that federal matching dollars can be obtained, and payment will be made directly to the non-County trauma center hospitals, excluding UCLA Medical Center, by the State. As a public hospital, UCLA Medical Center participates in a program that negates the federal benefit of using an intergovernmental transfer in this regard.

The estimated annual revenue to the County from the Trauma Center/Base Hospital fees payable by each trauma center hospital is \$579,932 for FY 2006-07, and \$589,626 for FY 2007-08.

5. **Primary Geographic Area to be Served:**

Countywide.

6. Accountable for Program Monitoring:

The County's local EMS Agency, i.e., the Department's EMS Division

7. Approvals:

Emergency Medical Services Agency: Carol Meyer, Director

Contracts and Grants Division: Cara O'Neill, Chief

County Counsel: Edward A. Morrissey, Deputy County Counsel

CAO Budget Unit: Latisha Thompson

SUMMARY OF AGREEMENT

PART 2: TRAUMA CENTER SERVICE AUGMENTATION
AGREEMENT AMENDMENT NO.2

1. Type of Service:

Trauma services at St. Francis Medical Center

2. Address and Contact Person:

Department of Health Services – Emergency Medical Services (EMS) Agency
5555 Ferguson Drive, Suite 220
Los Angeles, California 90022
Attention: Carol Meyer, Director
Telephone: (323) 890-7545 Fax: (323) 890-8536
Email: cmeyer@ladhs.org

3. Term:

Effective retroactive to December 1, 2006 through November 30, 2007, with an option to extend an additional 12 months through November 30, 2008.

4. Financial Information:

The maximum obligation for the Trauma Center Service Augmentation Agreement Amendment No. 2 will be \$3.3 million for December 1, 2006 through June 30, 2007, and \$2.4 million for FY 2007-08. This is funded by Measure B Trauma Property Assessment funds, Proposition 99/California Healthcare for Indigents Program (CHIP), and the Maddy Emergency Medical Services Fund (SB 612).

5. Primary Geographic Area to be Served:

Countywide.

6. Accountable for Program Monitoring:

The County's local EMS Agency, i.e., the Department's EMS Division

7. Approvals:

Emergency Medical Services Agency: Carol Meyer, Director

Contracts and Grants Division: Cara O'Neill, Chief

County Counsel: Edward A. Morrissey, Deputy County Counsel

CAO Budget Unit: Latisha Thompson

ATTACHMENT B**DESIGNATED TRAUMA CENTERS**

<u>NON-COUNTY TRAUMA CENTERS</u>	<u>LEVEL</u>	<u>BASE HOSPITAL</u>	<u>PEDIATRIC TRAUMA CENTER</u>
1. California Hospital Medical Center	II	X	
2. Cedars-Sinai Medical Center	I	X	X
3. Childrens Hospital Los Angeles			X
4. Henry Mayo Newhall Memorial Hospital	II	X	
5. Huntington Memorial Hospital	II	X	
6. Long Beach Memorial Hospital	II	X	X
7. Northridge Hospital Medical Center	II	X	
8. Providence Holy Cross Medical Center	II	X	
9. St. Francis Medical Center	II	X	
10. St. Mary Medical Center	II	X	
11. UCLA Medical Center	I	X	X

COUNTY OPERATED TRAUMA CENTERS

1. Harbor/UCLA Medical Center	I	X	X
2. LAC+USC Medical Center	I	X	X

COUNTY OF LOS ANGELES

REQUEST FOR APPROPRIATION ADJUSTMENT

DEPT'S. No. _____

DEPARTMENT OF Health ServicesDATE 01/12/2007

AUDITOR CONTROLLER.

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. WILL YOU PLEASE REPORT AS TO ACCOUNTING AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF ADMINISTRATIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

Budget Adjustment
Fiscal Year 2006-07
4 Vote

SOURCES:

Measure B - Private Facilities
Services and Supplies
BW9-HS-41016-2000 \$6,600,000

Measure B - Special Tax Fund
Appropriation for Contingency
BW9-HS-3303 2,600,000

Total: \$9,200,000

USES:

Measure B - Administrative / Other
Other Charges
BW9-HS-41017-5500 \$9,200,000

Total: \$9,200,000

JUSTIFICATION:

The appropriation adjustment in the amount of \$9,200,000 is necessary to shift Fiscal Year 2006-07 DHS Final Budget Measure B - Trauma Property Assessment funds from Services & Supplies and Appropriation for Contingency to Other Charges to enable these funds to be used as an intergovernmental transfer for payment to the State to draw-down Medi-Cal matching funds.

EM:gt
1/12/07


Efraín Muñoz, Chief
DHS-Controller's Division

CHIEF ADMINISTRATIVE OFFICER'S REPORT


REFERRED TO THE CHIEF
ADMINISTRATIVE OFFICER
FOR:

☐ ACTION
☒ RECOMMENDATION

AUDITOR-CONTROLLER No.

106

BY:


01-12-07

APPROVED AS REQUESTED ☒ AS REVISED ☐

APPROVED (AS REVISED):
BOARD OF SUPERVISORS


for CHIEF ADMINISTRATIVE OFFICER

BY:

DEPUTY COUNTY CLERK

SEND 6 COPIES TO THE AUDITOR-CONTROLLER

Board Agenda: January 30, 2007

FACT SHEET

RE: APPROVAL OF TRAUMA CENTER SERVICE AGREEMENTS AND RELATED FUNDING, TRAUMA CENTER/BASE HOSPITAL FEE, TRAUMA CENTER SERVICE AUGMENTATION AGREEMENT AMENDMENT, AND APPROPRIATION ADJUSTMENT

All Districts.

DHS CONTACT PERSON:

Carol Meyer, Director
Emergency Medical Services (EMS) Agency
Telephone: (323) 890-7545
E-mail: cmeyer@ladhs.org

SUBJECT:

Approval of Trauma Center Service Agreements and related funding; Trauma Center/Base Hospital fee; Trauma Center Service Augmentation Agreement Amendment; and appropriation adjustment.

REQUESTED ACTION:

The purpose of the recommended actions is to: 1) approve the Director of Health Services, or his designee, to offer and execute Trauma Center Service Agreements (TCSA) for Fiscal Year (FY) 2006-07 and 2007-08 with 11 non-County trauma centers; 2) approve funding for the TCSAs with non-County trauma centers retroactive to July 1, 2006, with a maximum obligation of \$31.2 million for FY 2006-07 and \$31.2 million for FY 2007-08; 3) establish the annual Trauma Center/Base Hospital fee for 10 non-County and two County trauma centers at \$45,470 for FY 2006-07, and \$46,230 for FY 2007-08, and for Childrens Hospital Los Angeles at \$34,292 for FY 2006-07, and \$34,866 for FY 2007-08; 4) approve and instruct the Director of Health Services, or his designee, to offer and execute the Trauma Center Service Augmentation Agreement Amendment No. 2 with St. Francis Medical Center effective retroactive to December 1, 2006 through November 30, 2007 with a maximum obligation of \$5.7 million, with delegated authority to extend the Amendment an additional 12 months through November 30, 2008; and 5) approve an appropriation adjustment to reallocate \$9.2 million in Measure B Trauma Property Assessment funds from Services and Supplies and Appropriation for Contingencies to Other Charges in the Fiscal Year 2006-07 DHS Adopted Budget.

PROGRAM:

The Trauma Center Service Agreements establish the requirements for participation by non-County trauma center hospitals in the County's advanced trauma system and establish the protocols for trauma care services, and provisions for reimbursement for trauma care services performed by non-County trauma center hospitals in Los Angeles County.

The Trauma Center Service Augmentation Agreement Amendment No. 2 establishes the provisions for the acceptance and care of additional trauma patients by St. Francis Medical Center, as well as provisions for reimbursement for the additional trauma patients.

FACT SHEET (cont'd)

CONTRACT AMOUNT:

The maximum obligation for the Trauma Center Service Agreements effective retroactive to July 1, 2006 will be \$31.2 million for Fiscal Year 2006-07, and \$31.2 million for FY 2007-08. This is funded by Measure B Trauma Property Assessment funds, Proposition 99/California Healthcare for Indigents Program (CHIP), and the Maddy Emergency Medical Services Fund (SB 612). The appropriation adjustment to reallocate a total amount of \$9.2 million from Services & Supplies (\$6.6 million), and Appropriation for Contingencies (\$2.6 million) to Other Charges in the Fiscal Year 2006-07 Department of Health Services Adopted Budget, will enable the Department of Health Services to transfer the funding to the State so that federal matching dollars can be obtained, and payment will be made directly to the non-County trauma center hospitals, excluding UCLA Medical Center, by the State. As a public hospital, UCLA Medical Center participates in a program that negates the federal benefit of using an intergovernmental transfer in this regard.

The maximum obligation for the Trauma Center Service Augmentation Agreement Amendment No. 2 will be \$3.3 million for December 1, 2006 through June 30, 2007, and \$2.4 million for FY 2007-08. This is funded by Measure B Trauma Property Assessment funds, Proposition 99/California Healthcare for Indigents Program (CHIP), and the Maddy Emergency Medical Services Fund (SB 612).

The estimated annual revenue to the County from the Trauma Center/Base Hospital fees payable by each trauma center hospital is \$579,932 for FY 2006-07, and \$589,626 for FY 2007-08.

TERMINATION PROVISIONS:

Trauma Center Service Agreements: 30 calendar days advance written notice.

Trauma Center Service Augmentation Agreement Amendment No. 2: 60 calendar days advance written notice.

TERM OF CONTRACT:

Trauma Center Service Agreements: Effective retroactive to July 1, 2006 through June 30, 2008.

Trauma Center Service Augmentation Agreement Amendment No. 2: Effective retroactive to December 1, 2006 through November 30, 2007 with an option to extend an additional 12 months through November 30, 2008.

AUTOMATIC RENEWAL:

No.

FIRST BOARD APPROVED CONTRACT:

Trauma Center Service Agreements: June 24, 2003

Trauma Center Service Augmentation Agreement Amendment No. 2: February 22, 2005

FACT SHEET (cont'd)

RETROACTIVITY:

Trauma Center Service Agreements: Retroactive to July 1, 2006

Trauma Center Service Augmentation Agreement Amendment No. 2: Retroactive to December 1, 2006

REQUEST FOR PROPOSALS (RFP) PROCESS:

Not applicable.

SOLE SOURCE JUSTIFICATION:

Not applicable.

LOS ANGELES COUNTY ONLINE WEB SITE:

Not applicable.